CURRENT HISTORY

March 2002

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Global Petro-Politics: The Foreign Policy Implications of the Bush Administration's Energy Plan

MICHAEL T. KLARE

The National Energy Policy proposal that President George W. Bush released on May 17, 2001 was developed with a single overarching objective in mind: to increase the nation's aggregate supply of energy. "The goals of this strategy are clear: to ensure a steady supply of affordable energy for America's homes and businesses and industries," Bush affirmed. Without a substantial increase in energy supplies, he warned, the United States could face a significant threat to its national security and its economic well-being.

The perceived requirement for a substantial increase in energy supplies led Bush to advocate two steps that have produced considerable controversy in the United States: the extraction of oil from the Arctic National Wildlife Refuge (ANWR) in Alaska, and the relaxation of government oversight of energy-infrastructure improvements. The first, of course, aroused opposition because of the risk of major environmental damage to a pristine wilderness area; the second provoked controversy because of widespread suspicions that the administration had agreed to advocate such relaxation in deference to powerful figures in the oil, gas, and coal industries—many of whom, including former Enron chairman Kenneth Lay, had been major contributors to the Bush campaign. Both these concerns have helped focus public attention on the energy question and to foster congressional debate on key domestic aspects of the administration's plan. But they have also diverted attention from another critical aspect of the National Energy Policy (NEP): a growing reliance on imported energy to compensate for inadequate domestic supplies.

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A THREAT TO NATIONAL SECURITY?

The United States is exceedingly fortunate among the major industrial powers in that it can supply a very large share of its total energy requirements from domestic sources. According to the United States Department of Energy (DOE), domestic energy production of 72.8 quadrillion British thermal units ("quads") accounted for 73 percent of total United States energy consumption in 2000. Furthermore, by drilling at the ANWR and increasing the use of coal and nuclear power, the United States can boost domestic production by another 18 quads over the next 20 years to 90.7 quadrillion BTUs. But the rub is this: consumption is rising at a faster rate than production, and so the nation will have to import an ever-increasing share of its total energy needs.[1]

This dependency is particularly acute in the case of petroleum, which accounts for about 35 percent of United States energy consumption and is absolutely essential for ground and air transportation. At present, the United States obtains about 53 per-

[1]United States Department of Energy, "Annual Energy Outlook 2002." Accessed at <http://www.eia.doe.gov/oiaf.aeo>. Unless otherwise indicated, all energy statistics cited in this article are derived from this document or the *National Energy Policy* report, issued by the White House on May 17, 2001.

cent of its petroleum requirement from foreign sources; by 2020 that figure is expected to rise to 62 percent. In practical terms, this means increasing America's intake of imported oil by 50 percent, from 24.4 million to 37.1 million barrels per day (mbd). Without these added imports, the United States would find it extremely difficult to sustain economic growth and fuel its immense fleet of cars, trucks, buses, and planes.

The Bush administration has explicitly characterized this dependency as a threat to national security. "On our present course," the NEP warns, "America 20 years from now will import nearly two of every three barrels of oil—a condition of increased dependency on foreign powers that do not always have America's interests at heart." To diminish this dependency, the administration intends to exploit every conceivable domestic source of energy, including the ANWR and other protected wilderness areas. Increased emphasis will also be placed on conservation and the development of alternative energy systems, including solar and wind power. But ultimately, the Bush plan relies on imports to provide a large share of the additional energy that the United States will require in the years ahead. Indeed, the NEP calls for policymakers to devote as much effort to securing additional foreign supplies of energy as to increasing domestic production.

The plan's reliance on increased acquisition of foreign energy is not immediately obvious from a casual reading of the NEP report. Only toward the end of the report, in the final chapter, does the significance of imported supplies become evident. Without actually specifying the amount of additional imported energy that will be required—an estimated 15.4 quadrillion BTUs in 2020, or as much energy as will be provided by all nuclear power plants and hydroelectric systems in the United States—the report lays out a detailed strategy for procuring these supplies from foreign producers around the world.

Growing American dependence on foreign sources of petroleum is the most important untold story arising from the release of the administration's energy plan. To obtain all the additional energy that will be needed, the United States will have to spend approximately $2.5 trillion on imported petroleum between now and 2020—assuming that prices remain at their current, moderate level—plus a comparable amount on imported natural gas. To ensure that these supplies are actually available, American firms will have to work with foreign producers to substantially increase their annual output. And, because many of these producers are located in areas of conflict and instability, the United States government will have to provide security assistance that could involve, on some occasions, the deployment of American combat forces.

The pressing requirement for ever-increasing supplies of imported energy will have a profound and lasting impact on American foreign policy. Not only must officials ensure access to these overseas supplies, they must also take steps to make certain that foreign deliveries to the United States are not impeded by war, revolution, or civil disorder. These imperatives will govern United States policy toward all significant energy-supplying regions, especially the Persian Gulf area, the Caspian Sea basin, Africa, and Latin America.

TIED TO THE PERSIAN GULF

The Persian Gulf has been and will remain a major area of concern for United States foreign policy because it sits above the world's largest reservoir of untapped oil. According to BP Amoco, the major Gulf suppliers possess some 675 billion barrels of oil, or about two-thirds of known world reserves. The Gulf countries are also the world's leading producers on a day-to-day basis, jointly accounting for approximately 21 mbd in 1999, or about 30 percent of worldwide production.[2] And because the Gulf accounts for such a large share of global production, these countries usually determine the global price for petroleum products.

Although the United States obtains only about 18 percent of its imported petroleum from the Persian Gulf, it has a significant strategic interest in the stability of Gulf energy production because its major allies—especially Japan and the Western European countries—rely on imports from the region and because the Gulf's high export volume has helped keep world oil prices relatively low, thus benefiting the petroleum-dependent United States economy. With domestic production in decline, moreover, the United States will become increasingly dependent on imports from the Gulf. As a consequence, the NEP declares that "this region will remain vital to U.S. interests."

The United States has, of course, played a significant role in Persian Gulf affairs since World War II. As that conflict came to an end, President Franklin D. Roosevelt concluded an agreement with the king of Saudi Arabia, Abdul-Aziz ibn Saud, under which the United States agreed to protect the royal family

[2]BP Amoco, *Statistical Review of World Energy* (June 2000).

against its internal and external enemies in return for privileged access to Saudi oil. At a later date, the United States also agreed to provide security assistance to the shah of Iran and to the leaders of Kuwait, Bahrain, and the United Arab Emirates (UAE). These agreements have led to the delivery of vast quantities of United States arms and ammunition to the Persian Gulf countries and, in some cases, to the deployment of American combat forces. (The United States security link with Iran was severed in January 1980, when the shah was overthrown by militant Islamic forces.)

American policy with regard to the protection of Persian Gulf energy supplies is unambiguous: when a threat arises, the United States will use whatever means are necessary, including military force, to ensure the continued flow of oil. This principle was first articulated by President Jimmy Carter in January 1980, following the Soviet invasion of Afghanistan and the fall of the shah, and has remained United States policy since. In accordance with the "Carter Doctrine," the United States has used force on several occasions: first, in 1987–1988 to protect Kuwaiti oil tankers from Iranian missile and gunboat attacks during the Iran–Iraq War, and then in 1990–1991 to drive Iraqi forces out of Kuwait (Operation Desert Storm).

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Today the Carter Doctrine is as vital as ever. Between 1991 and 2001, the Department of Defense conducted a major expansion of United States military capabilities in the Persian Gulf, deploying additional air and naval forces in the region and "prepositioning" arms and ammunition for a powerful ground force.[3] These capabilities were all brought into play during the fall 2001 United States offensive against Al Qaeda forces in Afghanistan and in related operations in the greater Gulf area (although Saudi Arabia did impose some restrictions on the use of American airbases in its territory). The United States also continued to sell billions of dollars' worth of modern weapons to friendly regimes in the area, including Kuwait, Saudi Arabia, and the UAE. To further guard against a disruption in the oil flow, President George W. Bush pointedly warned the Iraqi government of dire consequences should it attempt to take advantage of any instability in the Gulf resulting from terrorist activity.

At this point, it appears that the threat from both Al Qaeda and Iraq has effectively been circumscribed, and that oil deliveries from the Gulf are relatively safe from disruption. But looking further into the future, American policymakers face two critical challenges: to ensure that Saudi Arabia and other Gulf producers increase oil production to the extent required by growing United States (and international) demand; and to protect Saudi Arabia itself from internal disorder.

The need to increase Saudi production is particularly acute. Possessing one-fourth the world's known oil reserves (an estimated 265 billion barrels), Saudi Arabia is the only country with the capacity to satisfy United States and international demand. According to the DOE, Saudi Arabia's net petroleum output must double over the next 20 years, from 11.4 million to 23.1 million barrels per day, to satisfy anticipated world requirements.[4] But expanding capacity by 11.7 mbd—the equivalent of total current production by the United States and Canada—will cost hundreds of billions of dollars and create enormous technical and logistical challenges. The best way to achieve the necessary increase, American analysts believe, is to persuade Saudi Arabia to open its petroleum sector to substantial United States oil-company investment. And, under the administration's energy plan, the president is enjoined to do exactly that. Any effort by Washington to apply pressure on Riyadh to allow greater American oil investment in the kingdom, however, is likely to meet with significant resistance from the royal family, which nationalized American oil holdings in the 1970s.

The administration faces yet another problem in Saudi Arabia: America's long-term security relationship with the regime has become a major source of tension in the country, as growing numbers of young Saudis turn against the United States because of its close ties to Israel and (what is seen as) its anti-Islamic bias. It was from this anti-American milieu that Osama bin Laden recruited many of his followers in the late 1990s and obtained much of his financial support. After September 11, the Saudi government cracked down on some of these forces, but grassroots opposition to the regime's military and economic cooperation with Washington

[3]For details see Michael Klare, *Resource Wars* (New York: Metropolitan Books, 2001), chap. 3.

[4]Department of Energy, *International Energy Outlook 2001*, table D1.

remains strong. Finding a way to defuse this opposition while persuading Riyadh to increase its oil deliveries to the United States will be one of the most difficult challenges facing American policymakers in the years ahead.

Policymakers will also be paying close attention to Iran and Iraq, the second- and third-largest oil producers in the Gulf. Although both countries are currently barred from United States oil-company investment because of their support for terrorism and suspected pursuit of nuclear weapons, a future change in their political status could permit an American role in the development of their extensive petroleum reserves—something United States energy firms would undoubtedly welcome. Washington likely will continue to seek the emergence of friendly, cooperative governments in Baghdad and Teheran. If these efforts fail, the United States is fully prepared to counter any aggressive moves they might make with the full weight of its military power.

THE GEOPOLITICS OF ENERGY IN THE CASPIAN SEA BASIN

Although the United States will remain dependent on oil from the Gulf because that is where most of the world's untapped reserves are located, it also would like to minimize this dependency to the greatest extent possible by diversifying the nation's sources of imported energy. "Diversity is important, not only for energy security but also for national security," President Bush declared on May 17, 2001. "Overdependence on any one source of energy, especially a foreign source, leaves us vulnerable to price shocks, supply interruptions, and in the worst case, blackmail." To prevent this, the administration's energy plan calls for a substantial United States effort to boost production in many parts of the world.

Among the areas that will receive particular attention from the United States is the Caspian Sea basin—the region consisting of Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan, along with adjacent areas of Iran and Russia. According to the DOE, the Caspian basin houses proven reserves of 17.5 billion to 34 billion barrels of oil (bbl) and *possible* reserves of 235 bbl—an amount that, if confirmed, would make it the second-largest site of untapped reserves after the Persian Gulf.[5] To ensure that much of this oil will eventually flow to consumers in the West, the United States has made a strenuous effort to develop the area's petroleum infrastructure and distribution system. (Because the Caspian Sea is landlocked, oil and natural gas from the region must travel by pipeline to other areas; any efforts to tap into the Caspian's vast energy reserves must, therefore, entail the construction of long-distance export lines.)

The United States first sought to gain access to the Caspian's vast oil supplies during the Clinton administration. Until that time, the Caspian states (except for Iran) had been part of the Soviet Union, and so outside access to their energy reserves was tightly constricted. Once these states became independent, Washington waged an intensive diplomatic campaign to open their fields to Western oil-company investment and to allow the construction of new export pipelines. President Bill Clinton himself played a key role in this effort, repeatedly telephoning leaders of the Caspian Sea countries and inviting them to the White House for periodic visits. These efforts were essential, Clinton told Azerbaijan President Heydar Aliyev in 1997, to "diversify our energy supply and strengthen our nation's security."

The Clinton administration's principal objective during this period was to secure approval for new export routes from the Caspian to markets in the West. Because the administration was reluctant to see Caspian oil flow through Russia on its way to Western Europe (thereby giving Moscow a degree of control over Western energy supplies), and because transport through Iran was prohibited by United States law (for the reasons noted earlier), President Clinton threw his support behind a plan to transport oil and gas from Baku in Azerbaijan to Ceyhan in Turkey via Tbilisi in the former Soviet republic of Georgia. Before leaving office, Clinton flew to Turkey to preside at the signing ceremony for a regional agreement permitting construction of the $3-billion Baku-Tbilisi-Ceyhan (BTC) pipeline.

Building on the efforts of President Clinton, the Bush administration plans to accelerate the expansion of Caspian production facilities and pipelines. "Foreign investors and technology are critical to rapid development of new commercially viable export routes," the NEP affirms. "Such development will ensure that rising Caspian oil production is effectively integrated into world oil trade." Special emphasis is to be placed on completion of the BTC pipeline and on increasing the participation of United States companies in Caspian energy projects. Looking further ahead, the administration also hopes to build an oil and gas pipeline from Kazakhstan and Turkmenistan on the east shore of the

[5]Department of Energy, "Caspian Sea Region" (July 2001). Accessed at <http://www.eia.doe.gov/cabs/caspian.html>.

Caspian to Baku on the west shore, thus increasing the energy outflow through the BTC line.

Until September 11, American involvement in the Caspian Sea basin and Central Asia had largely been restricted to economic and diplomatic efforts, accompanied by a number of military aid agreements. To combat the Taliban and Al Qaeda in Afghanistan, however, the Department of Defense established military bases in Tajikistan and Uzbekistan. Although initially intended as temporary facilities to support United States troops committed to the Afghan war, these bases could form the kernel of a permanent American military presence in the Caspian area. Although nothing has been said about this publicly in Washington, such a presence would be consistent with developments in the Persian Gulf, where United States efforts to protect the flow of oil have led to an expanded American military infrastructure.

Whether or not the American bases in Tajikistan and Turkmenistan acquire permanent status, Washington is certain to enhance its capacity to employ military force in the area. The Caucasus and Central Asia are no more stable than the Persian Gulf, and developing the Caspian as an alternative source of energy is pointless if its outflow of oil and gas cannot be secured. In recognition of the potential threat to Caspian energy supplies, the Department of Defense has conducted a series of joint military exercises with the forces of Kazakhstan, Kyrgyzstan, and Uzbekistan (the annual "CENTRAZBAT" exercises) and signed military cooperation agreements with other states in the area. These ties have been further strengthened since September 11.[6]

The pressing requirement for ever-increasing supplies of imported energy will have a profound and lasting impact on American foreign policy.

LOOKING TO AFRICA . . .

Although African states accounted for only about 10 percent of global oil production in 1999, the DOE predicts that their share will rise to 13 percent by 2020—adding, in the process, another 8.3 mbd to global supplies.[7] This is welcome news in Washington. "West Africa is expected to be one of the fastest-growing sources of oil and gas for the American market," the administration reported in 2001. Furthermore, "African oil tends to be of high quality and low in sulphur," making it especially attractive for American refiners.

The Bush administration expects to concentrate its efforts in two countries: Nigeria and Angola. Nigeria now produces about 2.2 mbd, and is expected to double its oil output by 2020—with much of this additional petroleum going to the United States. But Nigeria lacks the wherewithal to finance this expansion on its own, and existing legislation (not to mention widespread corruption) discourages investment by outside firms. The NEP thus calls on the secretaries of energy, commerce, and state to work with Nigerian officials "to improve the climate for U.S. oil and gas trade, investment, and operations." Yet by working this closely with the Nigerian government, Washington risks association with a regime that has been widely criticized for persistent human rights violations.

A similar picture is found in Angola. Here, too, the United States seeks to significantly expand oil production, now estimated at around 750,000 barrels per day. Several American energy firms have begun to explore for oil in deep-sea sites off Angola's Atlantic coast, and early indications are that these areas hold significant reserves of petroleum. But, again, deeper United States involvement in the oil industry could lead to close association with a regime that has been cited for egregious human rights violations.

Although American involvement in African energy development is certain to grow, it is unlikely that this will be accompanied—as in the Gulf and Caspian areas—by a direct American military presence. No matter how it is presented to the public, such a presence would inevitably conjure images of colonialism and invite opposition both at home and in Africa. But Washington is likely to provide Nigeria and other friendly countries with indirect forms of military support, including training, technical assistance, and the transfer of low-tech weaponry.

. . . AND LATIN AMERICA

The Bush administration plan also calls for a significant increase in United States oil imports from Mexico, Brazil, and the Andean countries. The United States already obtains a large share of its imported oil from Latin America—Venezuela is now the third-largest supplier of oil to the United States (after Canada and Saudi Arabia), Mexico is

[6]For background on these efforts, see Klare, *Resource Wars*, chap. 4.

[7]Department of Energy, *International Energy Outlook 2001*, table D1.

the fourth-largest, and Colombia is the seventh—and Washington hopes to rely even more heavily on this region in the future. According to Secretary of Energy Spencer Abraham, "President Bush recognizes not only the need for an increased supply of energy, but also the critical role the hemisphere will play in the Administration's energy policy."

In presenting these plans to governments in the region, American officials stress their desire to establish a common, cooperative framework for energy development. "We intend to stress the enormous potential of greater regional energy cooperation as we look to the future," Abraham told the Fifth Hemispheric Energy Initiative Ministerial Conference in Mexico City on March 8, 2001. "Our goal [is] to build relationships among our neighbors that will contribute to our shared energy security; to an adequate, reliable, environmentally sound, and affordable access to energy." However sincere, these comments overlook the fundamental reality: all this "cooperation" is aimed at channeling increasing amounts of the region's oil supplies to the United States.

The Bush energy plan emphasizes the acquisition of additional oil from Mexico and Venezuela. "Mexico is a leading and reliable source of imported oil," the NEP notes. "Its large reserve base, approximately 25 percent larger than our own proven reserves, makes Mexico a likely source of increased oil production over the next decade." Venezuela is critical to United States plans because it possesses large reserves of conventional oil (eclipsed only by those of Iran, Iraq, Kuwait, Saudi Arabia, and the UAE), and because it houses vast supplies of so-called heavy oil—a sludgelike material that can be converted to conventional oil through a costly refining process. According to the NEP, "Venezuelan success in making heavy oil deposits commercially viable suggests that they will contribute substantially to the diversity of global energy supply, and to our own energy supply mix over the medium to long term."

But United States efforts to tap into abundant Mexican and Venezuelan energy supplies will run into a major difficulty: because of a long history of colonial and imperial predation, these two countries have placed their energy reserves under state control and established strong legal and constitutional barriers to foreign involvement in domestic oil production. Thus, while they may seek to capitalize from the economic benefits of increased oil exports to the United States, they are likely to resist increased participation by American firms in their energy industries and any rapid increase in oil extraction. This resistance will no doubt prove frustrating to American officials, who seek exactly these outcomes. The NEP thus calls on the secretaries of commerce, energy, and state to lobby their Latin American counterparts to eliminate or soften barriers to increased United States oil investment. These efforts are likely to prove a major theme in United States relations with these two countries.

Energy considerations are also likely to figure in United States relations with Colombia. Although known primarily for its role in the illegal drug trade, Colombia is also a major oil producer and could play a more prominent role in future United States energy plans. Efforts to increase Colombian oil production have been, however, hampered by the frequent attacks on oil installations and pipelines mounted by antigovernment guerrilla groups. Claiming that these groups also provide protection to the drug traffickers, the United States, under "Plan Colombia," is assisting the Colombian military and police in their efforts to suppress the guerrillas. At no point has Washington explicitly tied these efforts to its energy policies, but United States officials no doubt believe that a substantial reduction in guerrilla activity will permit an eventual increase in oil production.

THE IMPLICATIONS

The foregoing provides but a foretaste of what American officials can expect to deal with in the years ahead if the United States continues to rely on imported petroleum to power its industries, heat its homes, and fuel its vehicles. The United States cannot increase its intake of foreign oil by 50 percent, as called for under the Bush energy plan, without involving itself in the political, economic, and military affairs of the states from which all this petroleum is expected to flow. This involvement may take financial and diplomatic forms in most cases, but will also often entail military action.

Perhaps Congress and the American people would agree that these efforts are indeed necessary to ensure a steady supply of energy. Certainly there have been few signs of dissent on this score. However, most public discussion of the Bush administration's energy plan has focused on its domestic rather than international consequences. This, unfortunately, has tended to obscure some of the important ramifications of the administration plan. There has been very little comment, for example, on the potential for increased military action attendant to the new policy. Ignoring these considerations could prove dangerous. In the interests of forging a sound and affordable energy plan, Congress should initiate a thorough and far-ranging examination on the foreign policy implications of the administration's proposed policy. ■